

Recurrent Grant Funding Methodology

The funding methodology gives a reasonably rigorous and precise assessment of the resources required to meet the teaching and research targets of each institution. The basis of the funding methodology is a formula. However, the UGC recognises that even the most sophisticated formula is unlikely to capture fully the subtleties of needs within a complex educational system such as that in Hong Kong. The UGC therefore takes into account many other issues, including the institutions' own requests for what we term "extra formulaic adjustments". The formula gives due consideration to the fact that UGC-funded institutions are supported primarily to carry out teaching and research of various kinds and that there is a significant degree of interdependence between the two. This idea is central to the role statements that have been agreed for each institution. The recurrent grants should therefore contain elements that relate to each of these activities which are calculated separately.

2. Recurrent grants to each UGC-funded institution basically comprise a block grant and funds provided for specific purposes. The block grants to the sector as a whole for the 2009/10 to 2011/12 triennium comprises three elements:

- (a) Teaching – about 75%
- (b) Research – about 23%
- (c) Professional Activity – about 2%

3. The Teaching element of the recurrent grant is primarily related to student numbers; it is calculated by taking account of the distribution of students among the different disciplines, their levels (i.e. sub-degree, first degree, taught postgraduate and research postgraduate) and their mode (i.e. part time, full time etc). Some subjects are more expensive to teach than the others because of the special equipment or laboratory needs, or the more intensive demands on staff time. These factors are taken into account in calculating the teaching costs. With effect from the 2005/06 – 2007/08 triennium, relative cost weightings by broad academic programme categories have been grouped into three price groups as at the attachment.

4. The Research element of the recurrent grants is primarily related to the number of active research workers and the cost of research in respective fields. The number of active research staff in each cost centre was identified in the context of the Research Assessment Exercise last conducted in 2006 which assessed the research performance of different institutions and different cost centres within an institution.

5. The Professional Activity element of the recurrent grants is associated with professional (non-research) activities which should be undertaken by all members of academic staff. It is calculated based on the number of academic staff.

6. Although the teaching and research elements of the recurrent grants are calculated separately, this does not mean that either is the full, stand-alone cost of the activity to which it is attributed. This is because there are certain fixed costs that are shared between teaching and research and, if it were decided to discontinue either one activity or the other, those costs would have to be borne by the remaining activity alone, thereby making it more expensive.

7. By far, the greater part of the recurrent grants of every institution is associated with its teaching function and the UGC attaches much significance to the maintenance and improvement of standards of teaching and learning. The UGC will have keen interest in the institutions' methods of monitoring teaching and learning performance and continue to develop methods of rewarding teaching excellence and supporting the improvement of teaching and learning quality.

8. In the 2005/06 to 2007/08 triennium, the performance and role-related funding (PRF) element took cognizance of institutions' performance, and their performance against role, based on the results of a PRF Scheme conducted by a UGC Assessment Panel in 2004. The UGC decided not to implement a formal PRF element for the 2009/10 to 2011/12 triennium, although it did consider the institutions' Academic Development Proposals in that context.

Attachment
(to Annex 2B)

Relative Cost Weightings by Price Groups of Academic Programme Categories

Academic Programme Categories (APC)	Price Group of APCs	Relative Cost Weightings	
		Teaching ⁽¹⁾ Programme	Research ⁽²⁾ Programme
1 Medicine 2 Dentistry	A Medicine & Dentistry	3.6	1.8
3 Studies Allied to Medicine and Health 4 Biological Sciences 5 Physical Sciences 6 Engineering and Technology 7 Arts, Design & Performing Arts	B Engineering & Laboratory Based Studies	1.4	1.4
8 Mathematical Sciences 9 Computer Science and Information Technology 10 Architecture and Town Planning 11 Business and Management Studies 12 Social Sciences 13 Law 14 Mass Communication & Documentation 15 Languages & Related Studies 16 Humanities 17 Education	C Others	1	1

Note:

(1) Include sub-degree, undergraduate and taught postgraduate programmes.

(2) Include research postgraduate programmes.